

AMENDED IN ASSEMBLY SEPTEMBER 8, 2005

AMENDED IN ASSEMBLY SEPTEMBER 2, 2005

AMENDED IN SENATE MAY 4, 2005

SENATE BILL

No. 1002

**Introduced by Senators ~~Ducheny and Machado~~ Florez, Ducheny,
and Kuehl**

(Principal coauthor: Assembly Member ~~Dymally~~ Chan)

February 22, 2005

An act to ~~amend Sections 7072, 7073, 7073.8, 7076, 7086, and 7097 of, and to add and repeal Section 7114.2 of, the Government Code, and to amend Sections 17053.34, 17053.46, 17053.47, 17053.74, 17235, 17267.2, 17267.6, 17268, 17276.2, 17276.5, 17276.6, 23622.7, 23622.8, 23634, 23646, 24356.6, 24356.7, 24356.8, 24384.5, 24416.2, 24416.5, and 24416.6 of the Revenue and Taxation Code, relating to economic development. add Section 25602.6 of the Business and Professions Code, relating to alcoholic beverages.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1002, as amended, ~~Ducheny~~ Florez. ~~Economic incentive areas. Gelatin-based alcoholic beverages.~~

(1) The Alcoholic Beverage Control Act contains various provisions regulating the application for, the issuance of, the suspension of, and the conditions imposed upon alcoholic beverage licenses by the Department of Alcoholic Beverage Control. That act imposes additional regulations on the sale of alcoholic beverages and creates penalties for violations of those regulations.

This bill would prohibit the sale, offering for sale, distribution, or import into this state of any prepackaged alcoholic beverage made with a gelatin, or other similar base, intended to solidify the product

into a gelatinous, nonliquid state, unless it is sold, offered for sale, or intended to be sold for consumption on the premises in a business establishment that prohibits the presence of persons under 21 years of age on its premises. A violation of this provision would be a misdemeanor or would subject the person to a civil action for an injunction and a civil penalty.

This bill would impose a state-mandated local program by creating a new crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~(1) The Enterprise Zone Act provides for the designation by the Department of Housing and Community Development of enterprise zones, upon application by a city, county, or city and county with an eligible area, as defined, within its jurisdiction, pursuant to which qualifying entities within the zone receive various program, tax, and regulatory incentives. The applying entity is required to establish definitive boundaries for the proposed enterprise zone and targeted employment area, as defined. The designation of an enterprise zone is binding for a period of 15 years, which may be extended to a total of 20 years under specified conditions. The department is authorized, until January 1, 2007, to establish, charge, and collect a refundable fee as reimbursement for the costs of administering these provisions, subject to specified conditions.~~

~~This bill would revise the definitions of an “eligible area” and a “targeted employment area” for these purposes. It would authorize a city, county, or city and county to propose, and authorize the department to designate, an area as an enterprise zone with noncontiguous boundaries. It would authorize the extension of the designation to total 25 years, and to include revisions with noncontiguous boundaries. It would delete the provision requiring refunding of the fee collected by the department.~~

~~(2) Existing law provides for the designation by the Department of Housing and Community Development of Manufacturing Enhancement Areas, targeted tax areas, and local agency military base recovery areas (LAMBRAs) in the state, pursuant to which qualifying entities in the area receive various economic incentives.~~

~~This bill would authorize the department, until January 1, 2007, to establish, charge, and collect a fee as reimbursement for the costs of its administration of these provisions, subject to specified conditions.~~

~~(3) The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a hiring credit for qualified taxpayers who hire qualified employees, as defined, within enterprise zones, Manufacturing Enhancement Areas, targeted tax areas, and LAMBRAs, subject to specified criteria. The qualified taxpayer is required to obtain a certification from specified entities regarding the eligibility of the qualified employee.~~

~~This bill would revise the definition of “qualified employee” for this purpose, and would revise the provisions governing the obtaining of the certificate of eligibility.~~

~~(4) The Personal Income Tax Law and the Corporation Tax Law allow various deductions in connection with enterprise zones, Manufacturing Enhancement Areas, targeted tax areas, and LAMBRAs, including a business expense deduction of 40% of the cost of specified property, and a deduction for net operating losses. In general, 100% of net operating losses are allowed to be carried forward to each of the 15 years following the year of the loss. In the case of taxpayers that also conduct business outside of an enterprise zone, Manufacturing Enhancement Area, targeted tax area, or LAMBRA, the taxpayers are required to apportion the losses to the zone or area in accordance with a specified apportionment formula.~~

~~This bill would increase the business expense deduction under these provisions to 60% of the cost of specified property. It would allow the net operating losses to be carried forward to each of the 17 years following the year of the loss and would eliminate the apportionment formula.~~

~~(5) This bill would delete various obsolete references and make conforming changes.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no-yes.~~

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) *The Legislature finds and declares that*
- 2 *alcohol products that mask the taste of alcohol are especially*
- 3 *appealing to underage drinkers and that alcoholic beverages*

1 *made with a gelatin, or other similar base, intended to solidify*
2 *the product into a gelatinous, nonliquid state may be particularly*
3 *dangerous to children.*

4 *(b) The Legislature further finds and declares that the*
5 *packaging of these products can be easily confused with other*
6 *gelatin-type snacks and, if not properly regulated, the*
7 *distribution and sale of these products pose a significant health*
8 *and safety risk to children in this state.*

9 *SEC. 2. Section 25602.6 is added to the Business and*
10 *Professions Code, to read:*

11 *25602.6. (a) Notwithstanding any other provision of law, no*
12 *person shall sell, offer for sale, distribute, or import into this*
13 *state any prepackaged alcoholic beverage made with a gelatin,*
14 *or other similar base, intended to solidify the product into a*
15 *gelatinous, nonliquid state unless it is sold, offered for sale, or*
16 *intended to be sold for consumption on the premises in a business*
17 *establishment that prohibits the presence of persons under the*
18 *age of 21 years on its premises.*

19 *(b) Any person who violates this section is guilty of a*
20 *misdemeanor or subject to civil action brought by the Attorney*
21 *General, a city attorney, county counsel, or district attorney for*
22 *an injunction and a civil penalty of not more than two thousand*
23 *dollars (\$2,000) per violation.*

24 *SEC. 3. No reimbursement is required by this act pursuant to*
25 *Section 6 of Article XIII B of the California Constitution because*
26 *the only costs that may be incurred by a local agency or school*
27 *district will be incurred because this act creates a new crime or*
28 *infraction, eliminates a crime or infraction, or changes the*
29 *penalty for a crime or infraction, within the meaning of Section*
30 *17556 of the Government Code, or changes the definition of a*
31 *crime within the meaning of Section 6 of Article XIII B of the*
32 *California Constitution.*

33 ~~SECTION 1. Section 7072 of the Government Code is~~
34 ~~amended to read:~~

1
2
3
4
5

**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, September 2, 2005. (JR11)**

O